

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 048947
ORIGIN EB-08

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-10 NSAE-00 CG-00 DLOS-09
OES-07 PA-01 USIA-06 SOE-02 DOE-11 /066 R

DRAFTED BY EB/TRA/MA:CTAYLOR, JR.:EW
APPROVED BY EB/TRA/MA:RKBANK
NEA/ARP - FGERLACH

-----042589 260553Z /10

R 242313Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA
INFO AMCONSUL DHAHRAN
USLO RIYADH

LIMITED OFFICIAL USE STATE 048947

E.O. 11652: N/A

TAGS: EWWT, SA

SUBJECT: REPORTED SAUDI PLAN TO ESTABLISH TANKER FLEET

REF: 76 JIDDA 7234

1. IN FEBRUARY 24 NEWS STORY APPARENTLY GATHERED FROM
NEW YORK BANKING SOURCES, NEW YORK JOURNAL OF COMMERCE
REPORTS THAT SAUDI ARABIA IS NOW IN EARLY STAGES OF
ESTABLISHING ITS OWN NATIONAL-FLAG TANKER COMPANY WHOSE
SHIPS WILL ENJOY QUOTE CARGO PRIORITY UNQUOTE (I.E.,
CARGO PREFERENCE) AND SUBSIDIES ON BUNKER FUELS.

2. JOURNAL OF COMMERCE REPORTS THAT NEW COMPANY, SAUDI
OIL TRANSPORT CO. (SOTC), IS IN PROCESS OF BEING SET UP
AND WILL BE OWNED 30 PERCENT BY SAG, 30 PERCENT BY EXIST-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 048947

ING SAUDI TRANSPORTATION VENTURES (LARGELY OIL COMPANY
AFFILIATES) AND 40 PERCENT BY PRIVATE INVESTORS.

3. ACCORDING TO JOURNAL REPORT, SOTC WILL LEAN TOWARD NEW
TANKER ORDERS, DESPITE CURRENT WORLD TANKER SURPLUS.
JOURNAL SPECULATES THAT SAUDIS MAY USE QUOTE CARROT UNQUOTE
OF NEW SHIP ORDERS (WHICH WILL BE VERY WELCOME TO DEPRESSED

SHIPBUILDING INDUSTRY) TO QUOTE BLANKET ANY STRATEGIC FEARS CONCERNING A LARGE SAUDI TANKER FLEET. UNQUOTE.

(IT OCCURS TO DEPARTMENT THAT SAUDIS MAY HOPE THAT ATTRACTIONS OF NEW SHIP ORDERS MAY ALSO DAMP DOWN CONCERN IN MAJOR MARITIME NATIONS OVER PROSPECTIVE SAUDI CARGO PREFERENCE REQUIREMENTS.)

4. JOURNAL ALSO REPORTS THAT SAG HAS HAD CARGO PREFERENCE LAW SINCE 1975, WHICH INITIALLY SET PORTION TO BE CARRIED BY SAUDI-FLAG VESSELS AT FIVE PERCENT--ALTHOUGH EVEN FIVE PERCENT IS MORE THAN EXISTING SAUDI FLEET CAN CARRY. JOURNAL CLAIMS THAT SAG OFFICIALS HAVE STATED THAT THEIR AIM IS TO INCREASE THE PORTION OF CARGO RESERVED TO SAUDI VESSELS TO 50 PERCENT BY 1980.

5. ACTION REQUESTED. DEPARTMENT WOULD APPRECIATE EMBASSY'S CONFIRMING ACCURACY OF JOURNAL OF COMMERCE REPORT AND PROVIDING ANY ADDITIONAL BACKGROUND WHICH MAY BE AVAILABLE IN JIDDA. DEPARTMENT PARTICULARLY INTERESTED IN ANY INFORMATION EMBASSY CAN PROVIDE ON SAG INTENTIONS REGARDING CARGO PREFERENCE REQUIREMENTS AND SUBSIDIZATION OF BUNKER FUEL. REFTEL STATED THAT SAG HAD NO CARGO PREFERENCE LAWS BUT THAT PASSAGE OF SUCH LAWS WAS ONLY MATTER OF TIME. WHAT DEVELOPMENTS HAVE THERE BEEN IN THE INTERIM? IS JOURNAL CORRECT IN STATING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 048947

THAT SAUDIS INTEND TO EMPHASIZE NEW ORDERS, RATHER THAN PURCHASING EXISTING SURPLUS TONNAGE? IF SO, DEPARTMENT WOULD WELCOME ANY INSIGHTS EMBASSY CAN PROVIDE ON SAUDIS' REASONS FOR DOING SO. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ESTABLISHMENT OF OFFICES, STEAMSHIP LINES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE048947
Document Source: CORE
Document Unique ID: 00
Drafter: CTAYLOR, JR.:EW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780088-1020
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780214/aaaaalmi.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 90aeb5cf-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 JIDDA 7234
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3479925
Secure: OPEN
Status: NATIVE
Subject: REPORTED SAUDI PLAN TO ESTABLISH TANKER FLEET
TAGS: EWWT, SOPN, SA
To: JIDDA
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/90aeb5cf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014